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Syria

Grain and Feed

Annual

2004

Approved by:

Asif J. Chaudhry
U.S. Embassy

Prepared by:

Jaber Dalati

Report Highlights:

The 2003 wheat crop is estimated to be good crop because of good rainfall. Wheat stocks hit a record and are forecast to decrease after the GOS decided to boost exports of wheat at world market prices, significantly below the local purchase prices from the farmers. The barley crop is estimated to be good, about 1.1 million tons. The private sector is importing significant quantities of barley and the GOS is exporting surplus quantities of barley. Corn imports are increasing and may hit a record due to the developing glucose and starch industry. Egypt has become the major rice supplier to Syria

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Damascus [SY1]
[SY]

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Wheat

Production

PSD Table

Country:

Syria

Commodity:

Wheat

Market Year Begin	2002		2003		2004		UOM
	Old	New 07/2002	Old	New 07/2003	Old	New 07/2004	
Area Harvested	1600	1600	1700	1700	1700	1700	(1000 Hectares)
Beginning Stocks	4450	4095	4872	4585	4485	4485	(1000 MT)
Production	4500	4500	4700	4700	4700	4700	(1000 MT)
TOTAL Mkt. Yr. Imports	482	100	100	100	100	100	(1000 MT)
Jul-Jun Imports	482	100	100	100	100	100	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	9432	8695	9672	9385	9285	9285	(1000 MT)
TOTAL Mkt. Yr. Exports	1000	800	1200	1500	2000	2000	(1000 MT)
Jul-Jun Exports	1000	800	1200	1500	2000	2000	(1000 MT)
Feed Dom. Consumption	300	300	300	300	300	300	(1000 MT)
TOTAL Dom. Consumption	3560	3310	3560	3400	3500	3500	(1000 MT)
Ending Stocks	4872	4585	4912	4485	3785	3785	(1000 MT)
TOTAL DISTRIBUTION	9432	8695	9672	9385	9285	9285	(1000 MT)

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Wheat production was very good due to ample rainfall during the growing season. The crop could have been larger, except for a cold spell followed by a heat spell during the grain formation stage. The soil moisture content was very good during the grain filling stage. The General Establishment for Cereal Processing and Trade (HOBBOB) estimates the crop at 4.5 – 4.7 million MT. Harvested areas were reported by the Ministry of Agriculture and Agrarian Reform at 1.7 million hectares. HOBBOB bought 3.6 million MT from the farmers, 4 percent below purchases from the previous crop. For the 2004/2005 crop, rains through January 2004 were very good in general. The final crop size will be determined not by the planted areas (1.7 million hectares according to the Ministry of Agriculture), but by the rainfall that will enable the grains to fill up in March through early May and by the weather conditions that will prevail during the last part of the growing season. Based on similar rainfall years, post's preliminary estimate of 4.7 million MT may be reasonable.

Consumption

Wheat is mainly used for milling into flour for bread production. Smaller quantities are used for bulgur production and poor quality wheat is used for animal feeding. Approximately 250,000 MT of wheat are expected to be used for planting the next season's crop. Bread consumption is increasing at about three percent, in line with the increase in Syria's population growth. Available milling capacity greatly exceeds the milling requirement for the country.

Trade

Export Trade Matrix

Country: Syria Units: 1000 Metric Tons

Commodity: Wheat

Time period: CY

Exports for 2002		2003	
U.S.	0	U.S.	0
Others	0	Others	
Algeria	520	Iraq	200
Egypt	30	Egypt	200
		Algeria	300
		Germany	25
		Yemen	60
		France	50
Total for Others	550		835
Others not listed	250		465
Grand Total	800		1300

Import Trade Matrix

Country: Syria Units: 1000 MT

Commodity: Wheat

Time period: CY

Imports for 2002		2003	
U.S.	0	U.S.	0
Others		Others	
France	15	France	25
Turkey	40	Turkey	75
Total for Others	55		100
Others not listed	20		50
Grand Total	75		150

Due to the change in policy of keeping a huge stock level to avoid losses in exports at international market prices significantly below the prices paid to the Syrian farmers, Syrian wheat exports exceeded the traditional level of about 500,000 MT per year in CY 2003 and will increase further in 2004, mainly to North African countries. In October 2003, Syria contracted with Egypt to barter 200,000 MT of wheat for Egyptian rice as well as other commodities in late 2003 through early 2004. Syria also exported 200,000 MT of wheat to Iraq in CY 2003 and has two other contracts, 200,000 MT each to be executed in 2004. HOBOOB also contracted to export 300,000 MT to Algeria as well as other smaller quantities to Tunisia, Yemen, France, Germany, and Italy. As a result, HOBOOB exports are expected to exceed 1.3 million tons from the 2003/2004 crop. HOBOOB is trying to reduce its stocks to a reasonable level to reduce post-harvest losses and storage costs.

On the other hand, the private sector imports some quantities of wheat, usually from France and Turkey, due to the relatively cheaper international wheat prices as compared to the local wheat prices. Syria also imports limited quantities of flour, usually from Denmark and Australia.

It should be noted that trade data are published very late and on calendar year basis only. Thus, trade matrix tables in this report are based on calendar year basis.

Stocks

Wheat stocks are mainly kept by HOBBOB which currently holds stocks (as a national reserve) around 4 MMT, exceeding Syria's annual milling requirement. The level has been increasing since the late 1980s when it was very low. Since then, the stock level has continued to increase because Syria's wheat crop exceeded the local requirement for a number of years. The stocks should be lowered to reduce post harvest losses and reduce storage costs. This appears to be achieved through increasing wheat exports sharply starting in 2003. It may take a few years to reduce the stocks level to normal level. A stock level of one-year consumption requirement will be maintained in the future to eliminate the need for imports in case of a bad crop year. These stocks are kept in concrete silos, metal silos, as well as stored in open storage facilities.

Policy

The decision to reduce stocks has been finally made. This will increase the cost paid by HOBBOB to export wheat at international prices, about 30 percent below the price HOBBOB is paying the farmers. The decision to export soft wheat is also a change in policy since Syria used to export durum wheat only in the past. The presence of sufficient quantities of soft wheat has lead to this decision.

Customs duties on wheat imports are set at 1 percent. An import permit from the Ministry of Economy and Trade is required. This is obtained after the approval of the Ministry of Agriculture and Agrarian Reform.

Syria will continue to rely on local wheat production and export any surplus quantities after keeping a national reserve for about one year. Permitting imports of small quantities of wheat and flour for further processing is expected to continue in the future. According to post sources, the GOS plans to expand its concrete silo storage capacity by about 1 MMT during the coming five years. The GOS expects that these silos will be utilized to replace storage of wheat in jute bags in open storage facilities and will reduce damage to the stored grain from insects, rodents, and fungi. Concrete silos are owned and managed by the General Company for Silos, under the Ministry of Trade and are mainly used for storing wheat. Very small quantities of barley and corn are stored in concrete silos. The private sector is not permitted to establish silos. Feed mills and soybean crushing facilities, established under the Investment Law, are permitted to establish metal silos for their use.

Marketing

Syria is self-sufficient in wheat production. Wheat and wheat flour imports by the private sector will be limited to relatively small quantities for pasta or for milling and export of the produced flour.

Barley

Production

PSD Table

Country:

Syria

Commodity:

Barley

Market Year Begin	2002		2003		2004		UOM
	Old	New	Old	New	Old	New	
	07/2002		07/2003		07/2004		(MONTH/YEAR)
Area Harvested	1400	1400	1400	1400	1400		(1000 Hectares)
Beginning Stocks	331	350	33	170	170		(1000 MT)
Production	800	920	1200	1100	1100		(1000 MT)
TOTAL Mkt. Yr. Imports	352	300	150	300	300		(1000 MT)
Oct-Sep Imports	279	300	150	300	300		(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0		(1000 MT)
TOTAL SUPPLY	1483	1570	1383	1570	0	1570	(1000 MT)
TOTAL Mkt. Yr. Exports	350	300	200	300	150		(1000 MT)
Oct-Sep Exports	350	300	200	300	150		(1000 MT)
Feed Dom. Consumption	850	900	900	900	900		(1000 MT)
TOTAL Dom. Consumption	1100	1100	1100	1100	1100		(1000 MT)
Ending Stocks	33	170	83	170	320		(1000 MT)
TOTAL DISTRIBUTION	1483	1570	1383	1570	0	1570	(1000 MT)

Barley production is 97-99 percent rainfed. The 2003 barley crop is estimated at 1.1 million metric tons produced from 1.4 million hectares. Syria usually produces black barley, but recently has started to plant white barley. HOBBOB bought 136,500 MT of barley from the local crop, 41 percent of the previous year's purchases.

Consumption

Barley is mainly used to feed ruminant animals, including sheep and cattle. It can be used on very limited scale in the feed ration for poultry layers. Sheep are the major consumers of barley in Syria. The demand fluctuates from one year to another depending on the availability of grass for sheep grazing. Demand increases during drought periods and during the winter months due to the lack of grass at that time.

Trade

Import Trade Matrix

Country:	Syria	Units:	1000 MT
Commodity:	Barley		
Time period:	CY		
Imports for	2002		2003
U.S.	0	U.S.	0
Others		Others	
Ukraine	50	Ukraine	50
Turkey	50	Turkey	50
Argentina	120	Germany	35
Russia	100	Russia	50
Total for Others	320		185
Others not listed	48		65
Grand Total	368		250

Export Trade Matrix

Country:	Syria	Units:	1000 MT
Commodity:	Barley		
Time period:	CY		
Exports for	2002		2003
U.S.	0	U.S.	0
Others		Others	
Jordan	94	Jordan	255
Algeria	68	Algeria	30
		Germany	25
		Cyprus	50
		Egypt	50
Total for Others	162		410
Others not listed			5
Grand Total	162		415

The private sector imported large quantities of barley in 2003, mainly from Europe due to cheaper prices in the international market as compared to the local barley that HOBOOB is buying for 7,000 Syrian pounds (about USD 136) per metric ton. According to press reports, Syria contracted to export large quantities of barley to Jordan, Cyprus, Egypt, Algeria, and Germany in 2003.

Customs duties on barley imports are set at 1 percent. An import permit from the Ministry of Economy and Trade is required, which can be obtained after receiving approval from the Ministry of Agriculture and Agrarian Reform.

Stocks

HOBOOB usually keeps strategic stocks sufficient for the winter months when there is no grass for sheep to feed on, and surplus stocks are usually exported to Jordan, the main market for Syrian barley. With record exports in 2003, barley stocks held by HOBOOB must have been larger than previously estimated. However, with record exports in 2003, they are expected to go back to a reasonable level. This will reduce post harvest losses and storage costs for HOBOOB.

Marketing

Syrian importers rely on European sources for barley, mainly France, Ukraine, Russia, and Turkey. This is mainly due to the prevailing cheap price as well as low freight cost for small quantities (about 5,000 MT per shipment) from such origins. Price considerations have prevented Syrian importers from importing barley from the United States.

Corn

Production

PSD Table

Country:

Syria

Commodity:

Corn

Market Year Begin	2002		2003		2004		UOM
	Old	New	Old	New	Old	New	
		10/2002		10/2003		10/2004	(MONTH/YEAR)
Area Harvested	50	50	50	50		50	(1000 Hectares)
Beginning Stocks	131	235	155	235		160	(1000 MT)
Production	125	125	125	125		125	(1000 MT)
TOTAL Mkt. Yr. Imports	949	1000	1100	1100		1300	(1000 MT)
Oct-Sep Imports	919	1000	1100	1100		1300	(1000 MT)
Oct-Sep Import U.S.	538	750	650	800		1100	(1000 MT)
TOTAL SUPPLY	1205	1360	1380	1460	0	1585	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0		0	(1000 MT)
Oct-Sep Exports	0	0	0	0		0	(1000 MT)
Feed Dom. Consumption	950	925	1000	950		1000	(1000 MT)
TOTAL Dom. Consumption	1050	1125	1200	1300		1400	(1000 MT)
Ending Stocks	155	235	180	160		185	(1000 MT)
TOTAL DISTRIBUTION	1205	1360	1380	1460	0	1585	(1000 MT)

Corn production is stable and is estimated at 125,000 MT produced from 50,000 hectares in 2003/2004. Most of the planted corn is hybrid short-season corn planted after wheat in irrigated areas. Locally produced corn has a very high moisture content, sometimes close to 30 percent and has to be dehydrated to bring the moisture content down to 14 percent before the corn can be stored. The procurement price for 14 percent moisture corn is set at 7,000 Syrian pounds, about USD 136, per MT, above the current international corn prices on FOB basis. The General Organization for Fodder (GOF) purchased about 60,000 MT from the local 2003/2004 crop. The 2004/2005 crop is forecast at the same level.

Consumption

A small portion of the local crop is used for human consumption and is sold as "corn on the cob". Corn is also used for the production of starch or sown as seed. Most corn, however, is used for animal feed, in particular for poultry. Poultry production is increasing in general. However, it fluctuates from season to season due to the lack of proper slaughter, cooling, packaging, and storage facilities. Consumption of corn is increasing in Syria, which requires over 1.2 MMT during the current marketing season, mainly for the poultry sector as well as

the developing starch and glucose industry. This industry is developing fast. One of the two starch manufacturers has constructed a new plant and will boost his annual requirement for corn by about 300,000 MT by mid 2004. This producer is exporting starch and glucose to Jordan on large scale and is exporting starch to Egypt to be processed further into glucose at a factory owned by the same family. The starch and glucose plant owners prefer corn from the United States to Argentinean corn because it gives a 6 percent higher yield of starch after processing.

Trade

Import Trade Matrix

Country:	Syria	Units:	1000 MT
Commodity:	Corn		
Time period:	CY		
Imports for	2002	2003	
U.S.	750	U.S.	600
Others		Others	
Argentina	120	Argentina	250
Bulgaria	5	Bulgaria	10
		Ukraine	20
Total for Others	125		280
Others not listed	25		20
Grand Total	900		900

According to post sources, imports are expected to reach a record, exceeding 1 MMT during the MY 2003/2004, mainly from the United States, Argentina, and Eastern Europe. Small quantities from Bulgaria and Ukraine are imported in small shiploads of about 5000 MT and have problems with high moisture content, high breakage, and sometimes insect problems. Corn imports are forecast to remain high and continue to grow, because expansion in domestic production is hindered by limited water resources. Imports in MY 2004/2005 may increase further to exceed 1.2 million MT due to the development of the glucose and starch industry. This industry is not intended only for the local market but also aims at neighboring markets in the region. Improved trade relationship with Iraq will facilitate exports of pelleted feed to Iraq and hence increase the demand for imported corn, since local production is limited.

Customs duties on corn imports are set at 1 percent. An import permit from the Ministry of Economy and Trade is required. This is obtained after the approval of the Ministry of Agriculture and Agrarian Reform.

Marketing

The United States is the most important supplier of corn to Syria and is forecast to remain so as long as its prices are competitive with the other suppliers, Argentina, and Eastern Europe. Eastern European corn does not constitute much of a threat to U.S. corn exports due to quality problems. However, if Argentinean corn prices become more competitive with U.S. corn prices, as was the case for sometime during 2003, then Argentinean corn could start to replace U.S. corn in the Syrian market.

Corn is the number one export item from the United States to Syria (with a 70 – 90 percent market share) and has the best potential for growth in volume for the American exporters.

Rice, Milled

Production

Rice is not produced in Syria. All the country's requirements are met through imports.

PSD Table

Country:

Syria

Commodity:

Rice, Milled

Market Year Begin	2002		2003		2004		UOM
	Old	New	Old	New	Old	New	
		01/2002		01/2003		01/2004	(MONTH/YEAR)
Area Harvested	0	0	0	0	0	0	(1000 Hectares)
Beginning Stocks	98	51	98	56		61	(1000 MT)
Milled Production	0	0	0	0		0	(1000 MT)
Rough Production	0	0	0	0		0	(1000 MT)
Milling Rate(.9999)	0	0	0	0		0	(1000 MT)
TOTAL Imports	150	180	170	185		190	(1000 MT)
Jan-Dec Imports	150	180	170	185		190	(1000 MT)
Jan-Dec Import U.S.	0	2	0	1		1	(1000 MT)
TOTAL SUPPLY	248	231	268	241	0	251	(1000 MT)
TOTAL Exports	0	0	0	0		0	(1000 MT)
Jan-Dec Exports	0	0	0	0		0	(1000 MT)
TOTAL Dom. Consumption	150	175	170	180		185	(1000 MT)
Ending Stocks	98	56	98	61		66	(1000 MT)
TOTAL DISTRIBUTION	248	231	268	241	0	251	(1000 MT)

Consumption

In Syria, rice consumption is estimated to be increasing in general due to the increase in population and the rural-urban migration, which encourages the consumer to shift from bulgur to rice. However, increasing rice consumption is affected by the low purchasing power of the average Syrian. Each Syrian is entitled to 0.75 kilogram of rice per month at 10 SP (19 cents) per kilogram under the GOS ration card system. Additional quantities can be bought at the free market prices.

Trade

Import Trade Matrix

Country:	Syria	Units:	1000 M T.
Commodity:	Rice, Milled		
Time period:	C. Year		
Imports for	2002		2003
U.S.	2	U.S.	1
Others		Others	
Egypt	66	Egypt	125
Thailand	93	Thailand	35
Australia	12	Australia	9
Spain	3	Spain	5
Total for Others	174		174
Others not listed	4		10
Grand Total	180		185

Since Syria does not plan to produce rice in the future, all rice requirements have to be imported. The 2002 Syrian Foreign Trade Statistics reported rice imports at 180,000 MT. Syrian traders estimate imports of 185,000 and 190,000 MT in CY 2003 and 2004 respectively. Egypt, Thailand, and to a much less extent Australia, Italy, the United States, and Spain are the major suppliers.

Syria bartered 100,000 MT of Durum wheat for Egyptian rice and other commodities in 2003. The total value of the contract is USD 19 million. Both governments have also agreed to a similar contract involving 24,000 MT of Egyptian rice in 2004.

Marketing

In 1997 and 2001, the private sector imported large quantities of rice (over 20,000 MT per year) from the United States, when prices were competitive. With rice prices more attractive from other origins, mainly Egypt whose rice is similar in characteristics to the American medium grain rice, the Syrian importer is diverting to Egyptian suppliers. Another reason for the attractiveness of Egyptian rice is the low freight cost and the ability to ship very small quantities, about 40 - 100 MT per shipment, in a very short time. Syrian consumers generally prefer medium grain rice from the United States, Australia, Italy, and Egypt to long grain rice from Thailand. However, the limited purchasing power of the average Syrian may limit rice consumption and may direct his choice to cheaper sources of rice. As a result, higher quality rice such as parboiled rice has a limited market in Syria.